

CABINET 1st FEBRUARY 2006

GENERAL FUND REVENUE BUDGET AND CAPITAL PROGRAMMES FOR THE FINANCIAL YEAR 2006/07

1. INTRODUCTION

- 1.1. This report sets out the draft General Fund revenue and capital budgets for the financial year 2006/07 for the Cabinet to consider and make recommendations to the Council on the council tax. The recommendations of the Cabinet will be considered by the Council at the meeting on 27 February 2006.
- # 1.2 The General Fund Forecast for 2006/07 to 2009/10, shown in Appendix 1 to this report, includes all Expenditure Plan proposals previously considered by the Cabinet as well as some new proposals
- 1.3 Although there will be no further opportunity for Review Panels to consider new proposals included within this report, Members will be able to raise issues at the meeting of the Council on 27 February.

2. LOCAL GOVERNMENT FINANCE SETTLEMENT 2006/07

- 2.1 The provisional settlement shows Total External Grant of £10.767m. Details of the final settlement are not anticipated to be received before the Cabinet meeting. Members will be updated orally at the Council meeting.

3. GENERAL FUND REVENUE BUDGET FOR 2006/07

- # 3.1 The draft General Fund Revenue budget for 2006/07 as shown in Appendix 1, amounts to £21.009 million. This is a net growth of £1.565 million or 8.05% over the original approved budget of £19.444 million for 2005/06.
- 3.2 This includes the following main provisions:

	£000's
Expenditure Plan Bids	2974
Expenditure Plan Savings and Additional Income	-2468
Inflation	818
Reduced transfer from Reserve	141
Reduction in Investment Income	100

- 3.3. The General Fund Housing Service estimates allow for site licence fees and service charges for Stillwater Park to be increased by 3.0%, which is in line with inflation. This generates additional income of £2,990.

4. GENERAL FUND – REVIEW PANEL / COMMITTEE COMMENTS

- 4.1 The following comments have been made by Review Panels:
- 4.1.1 Housing, Health and Social Inclusion – No comments were made affecting the General Fund revenue budget.
 - 4.1.2 Leisure – No comments were made affecting the proposed budgets.
 - 4.1.3 General Purposes and Licensing – The Panel agreed the recommendations in the report but suggested that the need for enforcement officers be closely monitored subject to the impact of the Gambling Act.
 - 4.1.4 Corporate Overview – No comments were made affecting the proposed budgets.
 - 4.1.5 Economy and Planning – The Panel requested the inclusion of an additional bid for £50k to provide extra staffing resources to assist with pre application advice to potential applicants (if possible for 2006/07, or as soon as possible after) and that officers investigate the possible introduction of charges for this advice to potentially mitigate part of the cost. It was hoped that the addition of this extra resource would in turn reduce appeal costs.
 - 4.1.6 Planning Development Control – The Committee made no comments affecting the proposed budgets.
 - 4.1.7 Crime and Disorder – The Panel supported in principle the appointment of 2 additional community safety officers, but only if the service was secured via a service level agreement and subject to adequate performance indicators being in place to allow objective evaluation of the service.
- 4.2 Environment Panel had not considered its budget report at the time this report had been prepared. Members will be updated orally at the Cabinet meeting.

5. GENERAL FUND – ADDITIONAL ITEMS

- 5.1 Since the January meeting of the Cabinet, a number of additional variations to the proposed budget have been identified; these are summarised below. Although the forecast budget position includes these bids they have not been referred to the appropriate Review Panels for consideration and comment:
- 5.2 **Coast Protection Staff Time Allocations (£22,210)**
Paragraph 7.3 of this report highlights that a number of proposed capital coast protection schemes have been rephased, principally from 2006/07 to 2007/08. Coast protection staff time allocations that would have been made to these schemes are now proposed to be charged to revenue expenditure projects. This will result in an additional £22,210 being charged to the General Fund in 2006/07.

- 5.3 **CPU Partnership (£10,000)**
The January Cabinet report included a saving of £20,000 from an intended partnership arrangement involving the Central Purchasing Unit. This partnership is unlikely to be operational by the beginning of the financial year and therefore the full year benefit will now not arise in 2006/07. The anticipated first year saving has been reduced to £10,000.
- 5.4 **Applemore 816 Gym (£11,000)**
The level of instructors budget for this new facility has proved to be insufficient and therefore additional funding of £11,000 is now requested.
- 5.5 **Fitness Instructors (£17,000)**
An improvement in retention levels is a key element of the Health and Fitness Strategy. Improvements to the induction process at Ringwood have proven successful in increasing retention and need to be introduced across all sites. Additional budget provision of £17,000 is required for additional instructor hours in order to protect/increase income levels.
- 5.6 **Land Drainage (£12,990)**
The January Cabinet report included a proposed reduction of £141,390 in the Land Drainage budgets due to an anticipated reduction of an equivalent amount in Revenue Support Grant, following the transfer of responsibility for Critical Ordinary Watercourses to the Environment Agency. The grant reduction in the provisional settlement has only been £128,400 and it is therefore proposed to reinstate £12,990 to the retained maintenance budgets.
- 5.7 **Energy Management (£5,000)**
The January Cabinet report included net savings of £5,000 within the Leisure Portfolio from Energy Management. It is now anticipated that these savings will not be realised.
- 5.8 **Planning Delivery Services (£20,000)**
The January Cabinet report identified a reduction of £122,000 in Planning expenditure budgets to match the anticipated reduction in Planning Delivery Grant receivable. It is now proposed to reinstate £20,000 to enable the retention of a greater level of consultants/temporary staff, in order to assist with predicted workload levels.
- 5.9 **2004/05 Final Accounts Adjustments (- £219,000)**
The January Cabinet report included a proposal to include £219,000 in the 2006/07 budget, as a one off specific provision to cover adjustments required following the audit of the 2004/05 financial accounts. As the required adjustments are being made in the 2005/06 accounts, it is now proposed to make the matching specific provision in 2005/06 rather than in 2006/07.
- 5.10 **Car Parking (£100,000)**
Following the introduction of the new charging regime from 1 January 2006 there has been, what appears to be, a significant modal shift in individual travel patterns. Although it is very early in the process and therefore difficult to predict whether this modal shift is temporary, the Council has currently sold far less long

term clocks than originally envisaged. As the year unfolds this may manifest itself in greater pay and display income. However, it would be prudent to reduce the projected income target at this stage by £100,000 and review the position in light of further evidence later in the year.

5.11 ICT Work Programme (-£30,000)

The ICT Work Programme figures presented to Cabinet in November, as part of the Finance and Support Portfolio, included £30,000 for the new Planning System. Budget provision for this was already allowed for within the Planning Delivery Grant expenditure budgets. The figures presented to Cabinet were therefore overstated.

5.12 Leisure Equipment (-£37,000)

The figures presented to Cabinet in January included £48,000 for the purchase of new items of equipment. Current policy however is for such items to be capitalised and revenue budgets are then recharged with the cost over the life of the asset. This results in a net reduction of £37,000 in the revenue cost in 2006/07.

5.13 Equipment Leasing (-£35,000)

Following the Council's decision to withdraw from the lease financing of vehicles and plant and ICT equipment, the number and value of expiring leases has been falling. A budget reduction of £35,000 is now proposed, as the level of penalty payments and lease buyouts at the time of lease expiry will also reduce.

5.14 Electoral Services and D.D.A

Electoral Services - Included within the Revenue Support Grant settlement the Council has had its Formula Spending Share (FSS) figure increased by £55,000 to reflect anticipated changes arising to the electoral process, which are included within the Electoral Administration Bill currently going through Parliament. Details of actual requirements are not yet finalised and therefore any additional resource requirements cannot yet be quantified. At this stage therefore no specific additional budget request has been made, but the position and the impact of the increased FSS on actual Revenue Support Grant will be reviewed once the details of any operational changes are known.

Disability Discrimination Act – The Council has undertaken a substantial amount of work over recent years to ensure that the property that it is responsible for complies with the legislative requirements of this Act. A recent progress review has highlighted that further works need to be undertaken to ensure that the Council is fully compliant. A schedule of works has been compiled and is currently being costed. It is therefore appropriate to make a provision for works that need to be undertaken in 2006/07 but this will not be fixed until the fully costed schedule of works is available.

Budget provision of £120,000 is proposed to be included within the Contingency Fund to cover both issues and will be allocated once details of budget requirements are known.

6. COUNCIL TAX INCREASE

- # 6.1 Based on the budget shown in Appendix 1 to this report, a Council Tax of £140.99 at Band D level will be required for 2006/07. This represents a 2.75% increase over the current year's Band D Council Tax level of £137.21.

7. CAPITAL PROGRAMME

- # 7.1 A detailed capital expenditure programme totalling £14.500m for 2006/07 was considered by Cabinet on 4 January 2006 (Report C). The programme has been updated to now show a gross programme of £13.385m, a reduction of £1.115m. The reasons for the reduction are set out in the following paragraphs and the updated summary is shown in Appendix 2.
- 7.2 The financial monitoring report elsewhere on this agenda identifies rephasing of expenditure totalling £544k from 2005/06. Of this £514k will now be incurred in 2006/07 and £30k in 2007/08. A breakdown of the schemes making up the rephasing is set out in the monitoring report. Of the schemes being rephased into 2006/07, £100k had already been allowed for in the January budget report to Cabinet, leaving an increase of £414k being reflected in this report.
- 7.3 The Council has recently been notified that DEFRA will not fund any new coast protection schemes proposed to commence in 2006/07. Budgets totalling £1.610m for schemes at Barton on Sea, Lymington Flood Protection, Christchurch Bay Beach Management and Solent Mainland Review have been rephased into later years in the hope that funding will then be received.
- 7.4 The 2006/07 vehicles and plant budget within the Finance and Support Portfolio has been increased by £33,000 to reflect the cost of vehicles being purchased for the decriminalisation of parking function. Revenue implications had already been allowed in the detailed budgets but the purchase cost had not been reflected in the capital programme.
- 7.5 The January Cabinet report included £48,000 within its Leisure Portfolio revenue bids for the purchase of various items of new equipment. Under current policy these items will be capitalised and charged to revenue over the life of the asset. The capital value of £48,000 has therefore been added to the Leisure Capital Programme.

8. CAPITAL PROGRAMME – PANEL / COMMITTEE COMMENTS

- 8.1 At the time of writing this report, there are no comments from Review Panels / Committees.

9. ENVIRONMENTAL AND CRIME AND DISORDER IMPLICATIONS

- 9.1 There are no environmental or crime and disorder implications arising directly from this report.

10. EMPLOYEE SIDE COMMENTS

10.1 These will be reported orally at the meeting of the Cabinet.

11. RECOMMENDATIONS

11.1 It is recommended that Cabinet:-

11.1.1 give consideration to the comments of the Review Panels outlined within this report.

11.1.2 approve the additional expenditure plans items listed in Section 5 of this report;

11.1.3 recommend to Council that the General Fund budget for 2006/07 be set at £21.009m

11.1.4 recommend to Council that the Council tax be agreed at £140.99 for a Band D property for 2006/07.

11.1.5 recommend to Council that site licence fees and service charges at Stillwater Park be increased by 3.0%.

11.1.6 recommend to Council that the Capital Programme for 2006/07 be agreed as £13.385m.

For further information contact:

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Background Papers:

Report C Cabinet 2/11/05
Report C Cabinet 4/1/06
Report G Cabinet 7/12/05

RY/Tech/Reports/Gen-Fund.doc

NEW FOREST DISTRICT COUNCIL
DRAFT GENERAL FUND FORECAST 2006/07 TO 2009/10

<u>24/01/2006</u>	2005/06	2006/07	2007/08	2008/09	2009/10
	£000	£000	£000	£000	£000
Net Portfolio Requirements	19444	19444	21009	21711	22037
Est. Inflation (salary related)	0	600	620	640	660
Other Inflation	0	218	190	200	200
Sub Total (A)	19444	20262	21819	22551	22897
Capital Financing Provision		0			
Sub Total (B)	19444	20262	21819	22551	22897
Less Interest on Balances(net)		100	90	60	50
Sub Total (C)	19444	20362	21909	22611	22947
Transfer From MRP/Reg157		141			
Budget Requirements Total (D)	19444	20503	21909	22611	22947
Add Expenditure Plan Bids					
Finance & Support	0	867	-105	42	-5
Crime & Disorder	0	48	25	-2	8
Economy & Planning	0	1,127	220	-90	-185
Environment	0	357	37	-34	0
Health & Social Inclusion	0	3	0	0	0
Housing	0	1	51	-49	1
Leisure	0	375	-53	17	-2
General Purposes & Licensing Committee	0	20	-7	-10	0
Planning Development Control Committee	0	177	0	0	0
Standards Committee	0	0	0	0	0
Sub Total Bids	0	2974	168	-126	-183
Deduct Expenditure Plan Savings					
Finance & Support	0	-635	10	0	0
Crime & Disorder	0	0	0	0	0
Economy & Planning	0	-591	-66	-9	12
Environment	0	-342	-7	154	0
Health & Social Inclusion	0	-45	0	0	0
Housing	0	-76	-5	0	0
Leisure	0	-230	-48	-14	-1
General Purposes & Licensing Committee	0	-55	0	0	0
Planning Development Control Committee	0	-495	0	0	0
Standards Committee	0	0	0	0	0
Sub Total Savings	0	-2468	-116	132	11
Forecast Budget Requirements Total (E)	19444	21009	21961	22617	22775
Savings Target(-)		0	-250	-580	-400
Budget Required after Reserve Transfer	19444	21009	21711	22037	22375

FINANCED

Collection Fund /RSG/ NDR	9711	10984	11375	11375	11375
Council Tax	9733	10025	10336	10662	11000
	19444	21009	21711	22037	22375
Council Tax	137.21	140.99	145.09	149.38	153.83
Council Tax Increase		2.75	2.91	2.96	2.98

NEW FOREST DISTRICT COUNCIL
CAPITAL EXPENDITURE
SUMMARY AND RESOURCES 2005/06 TO 2009/10

APPENDIX 2

Date Prepared :-

24-Jan-06

ESTIMATED EXPENDITURE	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000	2009/10 £'000	Total £'000
Finance & Support	1,869	2,206	1,480	1,512	1,793	8,860
Crime & Disorder	22	-	205	-	-	227
Environment - General	315	263	237	17	-	832
Environment - Coast Prot / Land Drainage	996	1,674	3,470	9,444	992	16,576
Economy & Planning	366	551	110	169	55	1,251
Housing - Public Sector	4,250	5,279	5,279	5,279	5,279	25,366
Housing - Private Sector	3,893	2,117	954	954	954	8,872
Leisure - General	1,209	1,117	554	519	239	3,638
Leisure - Developers' Contributions	362	178	-	-	-	540
TOTALS	13,282	13,385	12,289	17,894	9,312	66,162

PROPOSED FINANCING

Major Repairs Subsidy	3,297	3,283	3,283	3,283	3,283	16,429
Revenue Provision HRA	953	1,996	1,996	1,996	1,996	8,937
Total Ringfenced Hsg Public Sector	4,250	5,279	5,279	5,279	5,279	25,366
Grants & Other Contributions	240	254	254	254	254	1,256
Usable Capital Receipts	3,562	1,863	700	700	700	7,525
Revenue Provis. (Gen. Fund.)	91					91
TOTAL HOUSING RESOURCES	8,143	7,396	6,233	6,233	6,233	34,238
Grants & Other Contributions	1,218	1,674	3,470	9,444	992	16,798
Developers' Contributions	569	358	-	-	-	927
Revenue Provision (Gen. Fund.)	678	769	769	769	769	3,754
Usable Capital Receipts	240	17	17	16	-	290
Loan	1,630	2,064	1,662	2,046	2,009	9,411
Capital Reserve	804	1,107	138	614	691	744
TOTALS	13,282	13,385	12,289	17,894	9,312	66,162

ESTIMATED BALANCES

	01/04/05 £000	01/04/06 £000	01/04/07 £000	01/04/08 £000	01/04/09 £000	01/04/10 £000
CAPITAL RESERVE	2,846	2,042	935	797	1,411	2,102
DEV. CONTRIBS.	4,312	3,743	3,385	3,385	3,385	3,385

Note: The Housing Private Sector expenditure figures above are net of reductions in the programme which have still to be identified. To achieve a programme that balances with resources generated from Housing, the proposed programme needs to be reduced by £1.496m from 07/8 onwards. The position will be reviewed during 2006/7.